

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – NOVEMBER 10, 2004

PRESENT: Chairman Anthony Maiola and Commissioner John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; Evie Taft, Human Resources Administrator; Randall Avery, Deputy Chief of Enforcement. **Guests:** Al Picconi, United Beverages, Inc.

EXCUSED: Aidan Moore, Chief of Enforcement; George Tsiopras, Chief Financial Officer.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending November 7, 2004 shows retail sales were up almost 2.4%, on-premise sales were down -7.8%, off-premise sales were up around 13.6%, and total aggregate sales were up 2.4%.

The W-1 Total Weekly Sales report for the same week confirms total sales increased by 2.4% or \$163,392 for the week, and also increased for the year by 6.3% or \$8,674,298. Wine sales were up about 5.8% or \$191,988 for the week, and rose 6.9% or \$4,296,988 year to date. Sales of spirits, however, were down -.81% or \$28,595, but were up on a yearly basis by 5.7% or \$4,377,310.

B. Budget/Administrative Reports:

There was nothing significant to report regarding depletions/post-offs or gift cards over the past week.

There is one tuition request from the Commission on today's Governor and Council, which Craig will be attending.

2. IT Report

Gift card purchases are now functioning on the net. There have been no sales yet.

Commissioner Byrne said he and Commissioner Russell had a conversation with Carol Murray, Commissioner of Transportation regarding the new Easy

Pass system, and wondered if something similar could be used in liquor stores which would operate similar to a debit card. Other states have used something similar when issuing fishing and liquor licenses. Howard said he would discuss this with Dan Prescott of OIT, as changes would have to be made to the IT system.

Howard reported that there have been some problems in the network with Paymentech which has resulted in transactions responding very slowly. He sent an e-mail to Paymentech, but has not yet received a reply. Howard did not feel that weather conditions had anything to do with the problem.

3. Human Resources Report

Workers' compensation payments were down by 57% during the first four months of this fiscal year. There have been no large pay-offs since May of this year. There were two claims during the month of October. Evie hopes to have an action plan to present next Wednesday as a result of the presentation done by Liberty Mutual and Risk Management several months ago.

There are presently 19 overdue evaluation reports for stores and 3 for financial management.

John Bunnell thanked Evie for her efforts in obtaining sexual harassment training for store personnel.

II. MARKETING & SALES REPORT

1. Store Operations

Total stores sales for the week ending 11/7/04 increased by .64% or \$32,211.62. There still appears to be a switch in trend from the Swanzey store to Keene. Peter will look into this further as to how it may be addressed. Commissioner Russell felt the Commission should insist on putting up an identifying sign at Swanzey.

Peter received a phone call last week from the landlord of Store #54 Glen requesting that the Commission vacate the present location by June of 2005. Another landlord just down the street, however, would like the store to move into his plaza, and Peter will meet with him next week. He said would like to get the new location up and running before the old one expires.

Peter also spoke with the landlord of the Berlin store who wants the Commission to now pay one-half of the rent for storage area which was recently insulated, but is still unheated, at a rate of \$6.00 per square foot.

Otherwise, he said he will charge common area maintenance charges. Commissioner Byrne said the Commission should not have to pay for this space.

Renovations at Store #1 Concord will begin next week. There will also be a meeting this afternoon regarding progress on the building of the Keene store.

2. Purchasing Report

The process of moving three vendors from the Concord warehouse down to Law Warehouse has begun. Six weeks ago inventory was 36% higher than the same time last year; now it is down to just 3% higher.

There have been very few out-of-stock situations. Jack Daniels was out for one day, but was delivered the next.

3. Merchandising Report

A. SPIRITS:

1) Product Demo (Forty Creek Barrel Select Canadian Whiskey):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/ Shaw-Ross International to conduct an in-store event at Stores #73 and #76 Hampton in conjunction with the promotion of Code #2282, Forty Creek Barrel Select Canadian Whiskey, 750ML size, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Special Offers for January 2005 (49 unmatched – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of forty-nine (49) spirit items, without matching State funds, to be featured on sale during January 2005, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

John Bunnell asked Nicole to give a brief report on the recent wine event held at the Radisson hotel. Nicole said that the event had decreased significantly in size over the past three years, and was moved from the Expo Center to the

Ballroom. Emphasis was placed on targeting particular types of people to be invited, which resulted in a smaller turnout. Activity was slow during the day, but did pick up some during the later hours.

1) New Wine Product Listings (6 items – M.S. Walker, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of the following six (6) 750ML wine codes, each of which earned at least \$6,500.00 as available five-digit codes, the majority of which were in the retail and on-premise markets, to be available for stores to order as needed, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #36199, Chardonnay Four Vines Ctrl. Cst.; Code #36200, Zinfandel Four Vines California; Code #34504, Ca Montini Pinot Grigio; Code #38541, Cabernet Sauvignon Avalon Napa; Code #40192, Sauvignon Blanc Rock Rabbit Ctrl. Cst.; and Code #38822, Castano Yecla Monastrell Red. The motion was unanimously adopted.

2) Special Offers for January 2005:

a. 22 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of twenty-two (22) wine items, to be featured on sale during January 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 24 items – Pine State Trading Co./E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery, based upon depletions of twenty-four (24) wine items, to be featured on sale during January 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 53 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive

Wine & Spirits, based upon depletions and/or special purchase allowances for fifty-three (53) wine items, to be featured on sale during January 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 117 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions and/or special purchase allowances for one hundred seventeen (117) wine items, to be featured on sale during January 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Perrier Jouet Grand Brut Gift Pallet Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/ Allied Domecq USA for the Commission to purchase four pallets of Code #39169, Perrier Jouet Grand Brut Gift Glass Packs, to be converted at four stores into 144 units each of Code #8143, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Close Outs (5 items – R.P. Imports):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that a recommendation from Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, regarding the purchase and price reduction of five wine codes from R.P. Imports be tabled pending adjustments to a higher margin and be brought back to the Commission at next week's meeting. The motion was unanimously adopted.

5) Recommended Wine Specialty Products (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) wine item to be designated as a wine specialty product, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Recommended Allocated Wines for Distribution to Selected Stores (44 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of forty-four (44) allocated wines to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 7) “R” Wines for Allocation to Licensees Selected by the Broker (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) restricted wine for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 8) Primary Source Submissions (6 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of six (6) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT - None.

IV. CHAIRMAN’S REPORT & LATE ITEMS

- 1) Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated November 4 through November 10, 2004. The motion was unanimously adopted.

- 2) Coupon Approvals: None.

- 3) Late Items/Other:

- a. Wine Delist & Warnings:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve issuing delist and warning

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notices regarding twenty-six (26) wine items which were found to not be meeting their respective gross profits for the twelve-month period ending October 29, 2004, as recommended by Kathleen Hass, Director of Purchasing and Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford